

Message Text

UNCLASSIFIED

PAGE 01 REYKJA 01138 291805Z
ACTION EUR-12

INFO OCT-01 ISO-00 MMO-01 A-01 AID-05 CIAE-00 COME-00
EB-08 FRB-01 INR-10 NSAE-00 ICA-20 TRSE-00 XMB-04
OPIC-06 SP-02 LAB-04 SIL-01 OMB-01 /077 W
-----006369 301424Z /43

R 291545Z AUG 78
FM AMEMBASSY REYKJAVIK
TO SECSTATE WASHDC 8674
INFO AMEMBASSY PARIS
COMICEDEFOR KEFLAVIK IC

UNCLAS REYKJAVIK 1138

USOECD

E.O. 11652: N/A
TAGS: OECD, EFIN, ETRD, ELAB, IC
SUBJECT: ECONOMIC INDICATORS - MONTHLY REPORT NO. 4

1. LATEST DATA (WITH PERCENTAGE CHANGES IN PARENTHESES) FROM
THE CENTRAL BANK AND STATISTICAL BUREAU:

| A. OUTPUT AND DEMAND | JAN-JUNE 78 | JUNE 78 |
|--|-------------|---------|
| (MILLIONS OF IKR.) | | |
| EXPORT PRODUCTION (TOTAL) | 67,971 | 13,103 |
| EXPORT PRODUCTION (MARINE PRODUCTS) | 50,697 | 8,825 |

| B. PRICE INDICES (CORRECTION) | MAY 77 | MAY 78 |
|-------------------------------|--------|--------|
| CPI (1968 EQUALS 100) | 816 | 1,167 |

| C. MONEY SUPPLY | 12/31/77 | 6/30/78 |
|--------------------------|----------|---------|
| (MILLIONS OF IKR.) | | |
| CASH AND DEMAND DEPOSITS | 33,911 | 41,085 |
| US\$ EXCHANGE RATE | 212.65 | 260.18 |
| PERCENTAGE CHANGES | | |

UNCLASSIFIED

UNCLASSIFIED

PAGE 02 REYKJA 01138 291805Z

| | |
|--------------------|------|
| 6/30/76 TO 6/30/77 | 38.3 |
| 6/30/77 TO 6/30/78 | 22.8 |

| D. CENTRAL GOVERNMENT | JAN-MAY 77 | JAN-MAY 78 |
|-----------------------|------------|-------------|
| (MILLIONS OF IKR.) | | |
| REVENUES | 33,925 | 53,037 (56) |
| EXPENDITURES | 38,616 | 59,293 (54) |

| | | |
|--------------------|--------|-------------|
| INCOME DEFICIT | -4,691 | -6,256 (33) |
| NET LENDING | 20 | -40 |
| DEFICIT | -4,671 | -6,296 (35) |
| US\$ EXCHANGE RATE | 191.85 | 219.52 |

| E. LABOR | JUNE 77 | JUNE 78 |
|-------------------------------|-----------|-----------|
| NUMBER OF UNEMPLOYED | 172 (0.2) | 218 (0.2) |
| WAGE INDEX (1969 EQUALS 100) | 3/1/77 | 3/1/78 |
| SKILLED AND UNSKILLED WORKERS | 651 | 1,061 |

| F. TRADE AND PAYMENTS | JUNE 77 | JUNE 78 |
|-----------------------------|---------|--------------|
| (MILLIONS OF IKR.) | | |
| EXPORT VALUE (FOB) | 7,929 | 13,103 (65) |
| IMPORT VALUE (CIF) | 15,723 | 18,699 (19) |
| EXPORT VOLUME (METRIC TONS) | 47,244 | 37,074 (-22) |
| US\$ EXCHANGE RATE | 194.41 | 260.18 |
| CURRENT ACCOUNT (ANNUAL) | 1976 | 1977 |
| WITH SIX MONTHS LAG) | -4,390 | -9,655 |

| FOREIGN EXCHANGE RESERVES | JUNE 77 | JUNE 78 |
|---------------------------|---------|-------------|
| (MILLIONS OF IKR.) | | |
| GROSS | 21,024 | 22,060 (5) |
| NET | 6,287 | 2,070 (-67) |

| | 21/31/76 | 21/31/77 |
|--------------------|----------|----------|
| (MILLIONS OF IKR.) | | |

UNCLASSIFIED

UNCLASSIFIED

PAGE 03 REYKJA 01138 291805Z

| | | |
|-------------------------------|--------|--------------|
| LONG TERM FOREIGN DEBT, TOTAL | 95,923 | 128,850 (34) |
| OFFICIAL FOREIGN DEBT | 57,144 | 81,580 (43) |
| FINANCIAL INSTITUTIONS | 23,563 | 26,450 (12) |
| PRIVATE INDIVIDUALS | 15,216 | 20,820 (37) |
| US\$ EXCHANGE RATE | 189.50 | 212.80 |

G. ECONOMIC SUMMARY

DURING THE PAST 12 MONTHS THE RATE OF INFLATION HAS BEEN CLOSE TO 50 PERCENT, AND IS STILL RISING. THE WHOLE OF ICELAND'S FISH FREEZING INDUSTRY THREATENS TO CLOSE DOWN ON SEPTEMBER 1 BECAUSE OF DIFFICULTIES IN MEETING INCREASED WAGES AND OTHER COSTS. OTHER INDUSTRIES ARE ALSO OPERATING UNDER SEVERE FINANCIAL STRAIN. FOREIGN EXCHANGE TRANSACTIONS WERE SUSPENDED AUGUST 28, AS PROBABLE PRELUDE TO 15-20 PERCENT DEVALUATION OF THE IKRONA. SINCE JUNE 25 GENERAL ELECTION EFFORTS TO FORM A NEW GOVERNMENT HAVE FAILED BUT ONCE NEW GOVERNMENT IS FORMED ADDITIONAL ECONOMIC MEASURES ARE EXPECTED TO FOLLOW.

BLAKE

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ECONOMIC CONDITIONS, ECONOMIC REPORTS
Control Number: n/a
Copy: SINGLE
Draft Date: 29 aug 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 jan 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978REYKJA01138
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780354-0293
Format: TEL
From: REYKJAVIK USOECD
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780813/aaaaakjw.tel
Line Count: 113
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: b5d9f759-c288-dd11-92da-001cc4696bcc
Office: ACTION EUR
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 29 mar 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1590050
Secure: OPEN
Status: NATIVE
Subject: ECONOMIC INDICATORS - MONTHLY REPORT NO. 4
TAGS: EFIN, ETRD, ELAB, IC, OECD
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/b5d9f759-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014